

WASHINGTON: Domestic Monetary Policy and Technology Subcommittee Chairman Ron Paul announced today the Subcommittee will hold a hearing entitled “Monetary Policy and the Debt Ceiling: Examining the Relationship Between the Federal Reserve and Government Debt.”

The hearing will explore the fundamental role that U.S. government debt plays in the monetary system; the use of Treasury debt by the Federal Reserve in conducting monetary policy; and the troubling reliance of Congress on the Fed to print money to facilitate deficit spending.

The hearing is scheduled for Wednesday, May 11th at 10 am, in room 2128 Rayburn. The Domestic Monetary Policy Subcommittee hearing on the Federal Reserve’s compliance with the Dodd-Frank Act and the Freedom of Information Act planned for May 11th was postponed and will be rescheduled to a later date.

“The national debt has exploded by more than 60 percent over the past four years, and it looks like Congress will be asked to approve another \$2 trillion increase for the next year,” Subcommittee Chairman Paul stated. “On top of trillions of dollars in bailouts, the American people will not stand for this continuing fiscal profligacy. This is why it is so important to understand the relationship between monetary policy and the national debt. Foreign governments cannot continue to purchase unlimited amounts of U.S. debt. If the federal government cannot cut spending and bring the budget back into balance, the Fed undoubtedly will be forced to simply monetize trillions of dollars in Treasury debt, which is nothing more than a stealth form of default. That devaluation of the dollar will lead to such high inflation that QE2 and its effects will look like a drop in the bucket in comparison.”

Scheduled to testify:

Dr. Richard Ebeling, Professor of Economics, Northwood University

Bert Ely, Ely & Company, Inc.

Dr. Matthew J. Slaughter, Associate Dean, Tuck School of Business, Dartmouth College